



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

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March 12, 2014

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

Executive Summary

This memorandum contains a report on the following:

- **Pursuit of County Position on a State Budget Item.** In 2010, the State enacted the CalFresh Program Administration Match Waiver which enables counties to receive relief from their share of the cost for program administration once they have met their Maintenance of Effort requirement. The Governor's FY 2014-15 Proposed Budget does not contain any proposals to extend the CalFresh Match Waiver. The County Welfare Directors Association (CWDA), California State Association of Counties (CSAC), and the Urban Counties Caucus (UCC) are pursuing a budget proposal that would gradually phase out the CalFresh Match Waiver over a multi-year period to provide flexibility and fiscal relief to counties. Therefore, unless otherwise directed by the Board, consistent with existing policy to support efforts to maximize Federal funding for the CalFresh Program and support options to simplify the administration of public assistance programs such as the CalFresh Program, including seeking any necessary waivers, **the Sacramento advocates will support the budget proposal by CWDA, CSAC and UCC to phase out the CalFresh Match Waiver over a multi-year period to provide flexibility and fiscal relief to counties.**

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Pursuit of County Position on a State Budget Item

The CalFresh Program Administration Match Waiver, which enables counties to receive relief from their 15 percent share of the cost for program administration once they have met their Maintenance of Effort (MOE) requirement under the program, was initially enacted for two years as part of the FY 2010-11 State Budget Act, and has since been extended for two additional years through the end of FY 2013-14. The Governor's FY 2014-15 Proposed Budget does not propose to extend the CalFresh Match Waiver. This was expected as the FY 2013-14 State Budget Act extended the county CalFresh Match Waiver for one additional year through FY 2013-14, until June 30, 2014.

The County Welfare Directors Association (CWDA), California State Association of Counties (CSAC), and the Urban Counties Caucus (UCC) are working with the Administration and the Legislature on a budget proposal, which is described in detail below, that would phase out the CalFresh Match Waiver over a multi-year period so that it would not be immediately eliminated at the conclusion of the current fiscal year.

Background

The CalFresh Program is California's version of the Federal Supplemental Nutrition Assistance Program, formerly known as food stamps, and provides food and nutrition assistance to low-income families and individuals. Counties administer the CalFresh Program which includes determining initial and ongoing program eligibility, managing caseloads, maintaining effective program integrity systems, and welfare fraud prevention and investigation efforts. Administrative costs for the CalFresh Program are shared by the Federal government, the State, and counties, with the Federal government funding roughly 50 percent, the State 35 percent, and counties 15 percent. Program benefits are 100 percent Federally funded.

The CalFresh Program Match Waiver enables counties to receive relief from their 15 percent share of cost once they have met their MOE requirement. Under the existing waiver, counties can draw down a portion of their General Fund (GF) and Federal fund CalFresh Administration allocation without a match of county funds, as long as the county fully meets its required CalWORKs/CalFresh MOE in the CalFresh Program.

According to the Legislative Analyst's Office (LAO) recent overview of the CalFresh Program, the number of Californians enrolled in the program more than doubled, from approximately two million to over four million, during the period of FY 2006-07 to FY 2012-13.

The LAO indicates this rapid growth coincided with high levels of unemployment during the recent economic recession.

CalFresh Program Administration Match Waiver Budget Proposal

The budget proposal by CWDA, CSAC and UCC would phase out the CalFresh Program Administration Match Waiver over five years. Specifically, the budget proposal would reduce in equal increments over that time period the portion of a county's GF allocation that it could access without increasing its matching funds beyond the county's CalWORKs/CalFresh MOE. Any county that is able to increase its CalFresh administration spending above its MOE level would continue to be able to draw down GF up to the county's GF allocation. According to CWDA, CSAC and UCC, the multi-year approach to phasing out the CalFresh Match Waiver would give counties time to ramp up their CalFresh administration spending in a planned fashion, instead of the CalFresh Match Waiver being completely eliminated in one year.

County Impact

The Department of Public Social Services (DPSS) indicates that, in March 2008, Los Angeles County had 650,000 CalFresh participants. Caseloads have significantly increased in recent years. Currently, 1.2 million people receive CalFresh benefits in the County.

Furthermore, according to DPSS, in FY 2012-13, the County accessed \$102.7 million in State and Federal funds with no county contribution with the assistance of the CalFresh Match Waiver. Absent the match waiver, an additional \$14.5 million in Net County Cost would have been required to support this level of expenditures. DPSS indicates this funding enabled the County to address the demands associated with extraordinary caseload growth, while sustaining robust program outreach efforts.

The Department of Public Social Services indicates that phasing out the CalFresh Match Waiver over a multi-year period, as being pursued by CWDA, CSAC, and UCC, would provide flexibility and fiscal relief to Los Angeles County as the match waiver would be reduced gradually and not abruptly.

Conclusion

This office and the Department of Public Social Services support the budget proposal by CWDA, CSAC and UCC to phase out the CalFresh Match Waiver over a multi-year period to provide relief to counties. Therefore, unless otherwise directed by the Board, consistent with existing policy to support efforts to maximize Federal funding for the CalFresh Program and support options to simplify the administration of public

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assistance programs such as the CalFresh Program, including seeking any necessary waivers, **the Sacramento advocates will support the budget proposal by CWDA, CSAC and UCC to phase out the CalFresh Match Waiver over a multi-year period to provide flexibility and fiscal relief to counties.**

We will continue to keep you advised.

WTF:RA
MR:OR:lm

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
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